

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Branch

RESOLUTION NO. W-4444
December 18, 2003

R E S O L U T I O N

**(RES. W-4444), HILLVIEW WATER COMPANY, (HWC). ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$58,602 OR
7.58% IN ADDITIONAL REVENUE DUE TO PURCHASED
POWER COSTS.**

SUMMARY

By Advice Letter 71, dated October 28, 2003, HWC seeks to increase rates by producing an increase in annual revenues of \$58,602 or 7.58% to cover expenses incurred in purchased power costs assessed by Pacific Gas and Electric Company (PG&E). This resolution grants the request. The increase will not result in a rate of return greater than last authorized for HWC.

BACKGROUND

HWC supplies water to 1,550 customers in the community of Oakhurst and surrounding area in Madera County.

HWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset this increase in its purchased power costs.

Pursuant to Commission Decision (D.) 01-03-082, PG&E was granted a rate surcharge of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the surcharge granted to PG&E, HWC is seeking to increase its water rates by \$58,602 to offset the estimated increase in purchased power costs.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in a local area newspaper on November 5, 2003. The Water Division (Division) received no letters objecting to the increase.

DISCUSSION

PG&E's surcharge rates effective June 3, 2001, pursuant to D.01-03-082, have resulted in a \$58,602 increase in purchased power costs to HWC.

Since the increase in power costs is directly related to water consumption, HWC is requesting the increase in purchased power costs be recovered by increasing the quantity rate by \$.202 per Ccf (One Ccf is equal to one hundred cubic feet) of water sold.

The Division has reviewed HWC's request and find it reasonable.

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred or were mandated when the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

COMPLIANCE

D.03-09-072, into the Investigation on the Commission's own motion into the operations, practices, rates, and charges of HWC and Roger R. Forrester, principal shareholder and president, was issued on September 18, 2003. The decision contained five ordering paragraphs requiring compliance. The utility has appropriately complied in a timely manner with two of the compliance orders. The remaining three compliance orders have deadlines beyond the date of this resolution. The Division will be monitoring HWC to insure that it complies with the remaining ordering paragraphs in an appropriate and timely manner.

FINDINGS

1. PG&E has recently raised rates HWC must pay to purchase power to operate HWC's pumps and motors.

2. HWC filed this advice letter on October 28, 2003, to recover those increased purchased power rates.
3. HWC is currently earning a rate of return of less than 1% on a recorded basis, which does not exceed its last authorized rate of return of 11.39%.
4. The Commission finds, after investigation by the Water Division, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Hillview Water Company is authorized to file Advice Letter No. 71, to make effective on five days notice, Schedule No. 1, Metered Service, showing a quantity charge rate of \$1.492 per Ccf, and to concurrently cancel the presently effective rate schedule.
2. Hillview Water Company is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 18, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners